1 SEWER REFUNDING AGREEMENT 2 (Sewer Trunk Over-sizing) 3 THIS AGREEMENT, made and entered into this 4 , 2006, by and between the CITY OF LAS VEGAS, a municipal 5 corporation of the State of Nevada (hereinafter referred to as the 6 "City"), and D.R. Horton (hereinafter referred to as the "Developer"), 7 WITNESSETH: 8 WHEREAS, the City is the governmental entity to which is delegated the responsibility of providing sewer service to persons who reside 9 10 within its corporate boundaries; and 11 WHEREAS, the Developer is engaged in the development of that 12 certain parcel of real property which is known as "Elkhorn Ponderosa II" 13 (the "Development" herein), which Development has been approved by the City; and . 14 WHEREAS, the limited financial resources of the City prevent the 15 16 immediate expansion of its municipal sewer system to the Development; 17 and 18 WHEREAS, the Plumbing Code of the City permits the expansion of 19 such municipal sewer system through the use of private funds at the 20 discretion of the City; and 21 WHEREAS, said Code further provides that the City may reimburse a 22 developer who constructs, at the request of the City, a sewer trunk line 23 (hereinafter referred to as the Project) of a size which is in excess of the size that would otherwise be required to serve its development for a

portion of the costs which such developer incurs in constructing such oversized sewer trunk line; and

WHEREAS, it is the intent of the Parties hereto to provide for the reimbursement to the Developer of the costs which the Developer will incur in constructing and installing the Project at a size which is in excess of the size that would otherwise be required to serve the Development;

NOW, THEREFORE, for and in consideration of the premises and of the mutual promises and agreements which are hereinafter set forth, the parties hereto agree as follows:

SECTION I - DEFINITIONS

- A. "Over-sizing" means the difference between the diameter of the Project, had the Project been constructed and installed at the size which would otherwise be required to serve the Development, and the diameter of the Project, at the request of the City, that is actually constructed and installed.
- B. "Plans and specifications" means the engineering designs, drawings and specifications which give a detailed description of the complete construction and installation of the Project, including the over-sizing, which plans and specifications have heretofore been submitted to, and approved by, the City. Copies of the plans and specifications are on file with the City's Department of Public Works.

C. "Uniform Standard Specifications" means those publications entitled, "Uniform Standard Specifications for Public Works Construction, Off-Site Improvements, Clark County Area, Nevada, Third Edition" adopted by the City of Las Vegas, June 16, 1993, and "Design and Construction Standards for Wastewater Collection Systems, 1991" adopted by the City of Las Vegas, August 21, 1991.

SECTION II - OBLIGATIONS OF DEVELOPER

A. Covenant of Installation:

- 1. The Developer hereby agrees to construct and install the entire Project, in accordance with the plans and specifications, at its sole cost and expense, subject to the right of the City to designate the type of appurtenances and any other relevant matter which it considers is necessary for the construction of its municipal sewer system provided, however, that the City agrees to reimburse the Developer for the costs which the Developer incurs in constructing and installing the over-sizing. It is acknowledged that the limits of the Project are designated on Exhibit "A" which is attached hereto and by this reference made a part hereof.
- 2. The Project shall include all materials and equipment, such as sewer lines, manholes, lateral stub-outs and other appurtenances which are constructed and installed

between the boundary of the Development which is nearest to the terminal point of the City's existing sewer system and such terminal point as is more particularly shown on Exhibit "A".

- 3. The Developer agrees to perform all survey and design work which is necessary for the construction and installation of the Project, in accordance with the plans and specifications, at its sole cost and expense without any right of reimbursement from the City.
- B. Basis for Estimated Costs:

It is acknowledged that the estimated costs for which the Developer is entitled to reimbursement for constructing and installing the over-sizing which is provided for in Section IV hereof is based upon written bids for the installation of the Project which the Developer has obtained from at least three (3) contractors who are duly licensed by the State of Nevada and are acceptable to the City. (The City may waive the requirement of written bids if good cause for such waiver is shown by the Developer, in which event the estimated costs of the over-sizing will be established in a manner which is mutually acceptable to the City and to the Developer.)

C. Installation Standards:

The Developer agrees that the Project will be installed in a good and workmanlike manner according to the plans and

specifications, the Uniform Standard Specifications and the Design and Construction Standards for Wastewater Collection Systems.

SECTION III - RIGHT OF REIMBURSEMENT

It is understood and agreed by the Parties hereto that the Developer shall be reimbursed for the costs which it incurs in constructing and installing the project, subject to the limitations which are contained in Section VII hereof. It is specifically understood, however, that all of the costs and expenses of installing a sewer system within the Development are the sole responsibility of the Developer without any right of reimbursement from the City.

SECTION IV - COSTS OF OVERSIZING

AND AMOUNT REFUNDABLE

- A. It is agreed by the Parties hereto that the costs of the construction and installation of the over-sizing which are subject to reimbursement under the terms of this Agreement have been determined pursuant to the calculations set forth on Exhibit "B" which is attached hereto and by this reference made a part hereof.
- B. It is acknowledged that the estimated costs of the construction and installation of the over-sizing which are set forth on Exhibit "B" are based upon estimates which have been obtained by the Developer and approved by the City and

represent, subject to the limitations which are contained in Section VII hereof, the maximum amount to which the Developer will be entitled to reimbursement for the construction and installation of the Project. All other costs and expenses which the Developer incurs in connection with the Project shall be the responsibility of the Developer. Additionally, if the actual costs of the construction and installation of the extension are less than the estimated costs thereof, the Developer shall be entitled to reimbursement only for such actual costs, subject to the limitations which are contained in Section VII hereof.

SECTION V - OBLIGATIONS OF CITY

- A. The City will reimburse the Developer, within thirty (30) calendar days after the City's acceptance of the Project, for that portion of the costs thereof which are attributable to the over-sizing, as the same is determined in accordance with Section IV above.
- B. As a condition precedent to any such reimbursement, the Developer must submit to the City a written request for payment, a statement of completion of the Project (per plans and specifications), a lien release from the Developer's contractor(s) and materials suppliers for all materials and labor, a statement from all subcontractors affirming that they have received payment in full, an itemized invoice

reflecting actual costs paid and a bill of sale transferring the ownership of the sewer line and appurtenances to the City.

C. The City agrees, by its acceptance of the Project, to be responsible for the operation and maintenance thereof, except as is otherwise provided in Section X hereof which pertains to repairs that are necessitated by any defective material or faulty workmanship in the construction and installation of the Project or the faulty design thereof.

SECTION VI - TIME OF PERFORMANCE

This Agreement shall become effective upon the execution hereof and the right of the Developer to reimbursement hereunder shall cease and terminate when the Developer has received full reimbursement of the costs which are incurred therefor.

SECTION VII - LIMITATION ON AMOUNT OF REIMBURSEMENT

The right of reimbursement for the over-sizing shall be limited to the estimated costs of the over-sizing which are set forth on Exhibit "B" or the actual direct costs which are attributable to the over-sizing, whichever is the lesser.

SECTION VIII - GUARANTEE OF RIGHT OF ACCESS

A. In order to guarantee that the City will have access to any and all portions of the Project for the purpose of maintaining and repairing the same, the Developer hereby agrees that:

- 1. Except as is otherwise provided in Paragraph 3 hereof the Developer will dedicate to the City an easement over and across, or fee title to, as requested by the City, a strip of land which is twenty (20) feet in width, extending the length of the Project, and which contains the Project;
- 2. If the Project is installed on privately owned lands, other than lands which are owned by the Developer, the Developer will obtain and dedicate to the City an easement over and across, or fee title to, as requested by the City, a strip of land which is twenty (20) feet in width, extending the length of the Project, and which contains the Project;
- 3. If the land in which the Project is installed will become part of a street which will be dedicated for public use, as a part of the Development, the right of access shall be included in the dedication of that street; and
- 4. Any such dedication shall provide therein that no building, structure, tree, shrub or other improvement or obstacle may be placed in or near the area which is dedicated thereby in such a manner as to interfere with the use of such strip of land in accordance with the provisions hereof, and any easement which is conveyed

to the City shall additionally provide for the right of the City to operate, maintain, repair, replace or relocate the Project or to alter the size, number of pipelines or other appurtenances which are installed therein.

SECTION IX - RIGHT OF INSPECTION

The City shall have the right, but not the obligation, at any time and from time to time to inspect the construction and installation of any part of the Project. The Developer agrees that any inspection of the installation of the Project which is conducted by the City hereunder or the City's subsequent acceptance of the Project shall not relieve or release the Developer from its responsibility to correct any defective material or faulty workmanship, or both, in the construction and installation of the Project or any problem which results from the negligent design thereof as provided in Section X hereof.

SECTION X - CORRECTION OF DEFECTIVE MATERIALS,

FAULTY WORKMANSHIP AND NEGLIGENT DESIGN

The Developer hereby accepts full responsibility for the quality of the materials and workmanship in the construction and installation of the Project and for the design thereof and covenants and agrees, for a period of one (1) year after the City's acceptance of the Project and upon notification by the City, to correct any defective material or faulty workmanship, or

both, in the construction and installation of the Project and any problem which results from the negligent design of the Project. In the event that the Developer fails or refuses to make any such correction, the City shall have the right, but not the obligation, to repair the Project and the Developer hereby agrees to reimburse the City for the costs which it incurs in so doing.

SECTION XI: INDEMNITY

Notwithstanding any of the insurance requirements hereinabove set forth or limits of liability set forth therein, Developer shall protect, indemnify and hold harmless the City, its officers and employees from any and all claims, damages, losses, expenses, suits, actions, decrees, judgements, attorney fees and court costs which the City, its officer or employees may suffer, or which may be sought against, recovered from or obtainable against the City, its officers or employees as a result of, by reason of, or arising out of the negligent acts or omissions of the Developer, its subcontractors, or agents or anyone employed by the Developer or its subcontractors or agents, in fulfillment or performance of the terms, conditions or covenants of this AGREEMENT.

It is expressly agreed that the City and the Developer shall each initially pay their respective costs in defending themselves in any and all suits or actions which may be brought against them, their officers or employees because of, or by reason of, the negligent act or omission of either of them unless such suit or

action is defended on their behalf by the PROJECT contractor. However, the parties hereto agree that in the event the suit or action is reduced to judgment then the cost of such defense shall be ultimately divided or distributed between the parties in the following manner:

- A. An adjudication by the court or trier of fact that neither the City nor the Developer is responsible or liable for the plaintiffs' injuries or damages, then each party shall bear its own costs and expenses of litigation.
- B. An adjudication by the court or trier of fact that the Developer is solely or partly responsible and liable for the plaintiffs' injuries or damages while the City is relieved of any responsibility and liability, then the Developer shall reimburse the City for all of its costs and expenses of litigation;
- C. An adjudication by the court or trier of fact that the City is solely or partly responsible for the plaintiffs' injuries or damages while the Developer is relieved of any responsibility and liability, then the City shall reimburse the Developer for its costs and expenses of the litigation;
- D. An adjudication by the court or trier of fact which determines responsibility and liability on a comparative basis between the parties, then the City and the Developer shall share in the total costs and expenses of litigation in

that amount determined by multiplying the total percentage of fault or liability attributable to the respective parties by the total costs and expenses of litigation.

In the event that the suit or action is settled between the litigants, each party shall be responsible for all of its costs and expenses of litigation, unless the settlement agreement provides otherwise.

SECTION XII - OWNERSHIP OF PROJECT

- A. Upon the completion of the Project, and as a condition precedent to the acceptance thereof by the City, the Developer agrees to furnish to the City a good and sufficient Bill of Sale which (i) includes all of the sewer lines and appurtenances which are components of the Project, (ii) attests to the fact that all of such components are free and clear of all liens and other encumbrances and (iii) conveys to the City all right, title and interest in and to the Project.
- B. It is understood and agreed that the Project shall thereafter, upon its acceptance by the City, become and remain the exclusive property of the City.

SECTION XIII - RIGHT OF TERMINATION

A. Except for the obligation of the City which is provided for in subsection B of this Section XII, the City shall have the right to terminate this Agreement at any time, with or

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without cause, upon thirty (30) days' prior written notice to the Developer. Such notice shall be deemed to have been given on the date on which it is delivered in person to a representative of the Developer or is deposited with the United States Postal Service, postage prepaid and certified - return receipt requested, and addressed to the Developer at 6845 Escondido Street Building 6 Suite 105, Las Vegas, Nevada 89119 or such other address as the Developer may hereafter, from time to time, designate to the City in writing.

B. Any funds which have been expended by or on behalf of the Developer for the construction and installation of the Project as of the date of the Developer's receipt of such written notice shall be reimbursed to the Developer as hereinabove provided.

SECTION XIV - ASSIGNMENT

This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto and their respective successors, legal representatives and assigns.

1	IN WITNESS WHEREOF, the Par	ties hereto have caused this Agreement
2	to be executed by their duly autho	orized representatives the day and year
3	first above written.	
4		CITY OF LAS VEGAS
5		BY:
6	ATTEST:	OSCAR B. GOODMAN, MAYOR
7		APPROVED AS TO FORM
8	BARBARA JO RONEMUS, CITY CLERK	Thomas R. Green Date Deputy City Attorney
9		D.R. Horton
10	1	BY: Mille
11	ATTEST: Ma	rk G. Allen, Assistant Vice President
12	Lectrontos	
13	Scott Partlow, Assistant Vice Pres	sident
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26 27		
28	TORREY PINES / ELKHORN PONDEROSA I	I SEWER REFUNDING AGREEMENT

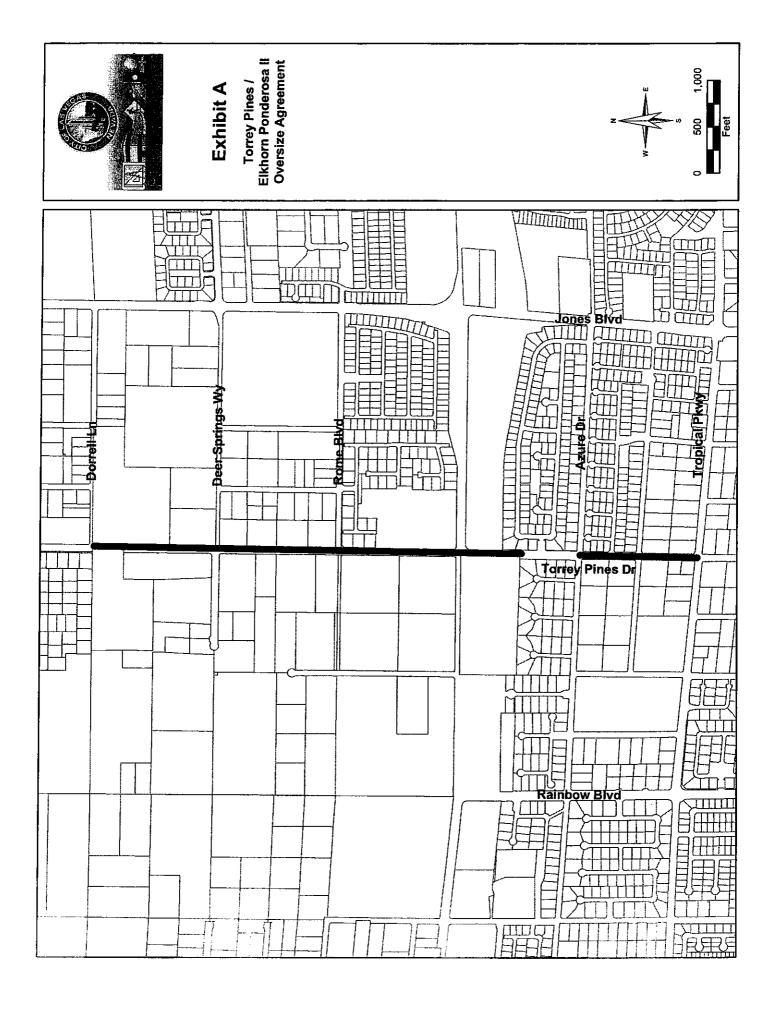


EXHIBIT "B" COST OF CONSTRUCTION

1. Developer:

D.R. Horton

6845 Escondido Street Building 6 Suite 105

Las Vegas, NV 89119

2. Development:

Torrey Pines Interceptor & Elkhorn Ponderosa II

3. Engineer:

Wright Engineers 7425 Peak Drive Alpha Engineering Company 3321 N. Buffalo Dr, Suite 200 Las Vegas, NV 89129

Las Vegas, NV 89128

4. Basis for Over-sizing Costs - Prices for the over-sizing portion of this agreement are based upon the lowest cost differential as submitted by:

Bravo Underground, Inc. 1183 Center Point Drive Henderson, NV 89074

Over-sizing Portion of the Project - 12-inch to 18 and 24-inch

24-inch SDR 35 (linear feet) to 14' deep	LF	2075	\$78.00	\$161,850.00
24-inch SDR 35 (linear feet) to 16' deep	LF	1500	\$86.00	\$129,000.00
24-inch SDR 35 (linear feet) to 18' deep	LF	285	\$90.00	\$25,650.00
60-inch manhole to 14 feet	EA	6	\$3,450.00	\$20,700.00
60-inch manhole to 16 feet	EA	3	\$3,800.00	\$11,400.00
60-inch drop manhole to 10 feet	EA	1	\$8,225.00	\$8,225.00
18-inch SDR 35 (linear feet) to 12' deep	LF	620	\$59.50	\$36,890.00
18-inch SDR 35 (linear feet) to 14' deep	LF	625	\$62.00	\$38,750.00
18-inch SDR 35 (linear feet) to 16' deep	LF	275	\$70.00	\$19,250.00
18-inch DIP	LF	480	\$93.00	\$44,640.00
30-inch bore w/ Casing	EΑ	1	\$400,000.00	\$400,000.00
60-inch manhole to 12 feet	EA	2	\$3,050.00	\$6,100.00
60-inch manhole to 14 feet	EA	3	\$3,450.00	\$10,350.00
60-inch manhole to 16 feet	EA	3	\$3,800.00	\$11,400.00

Total Over-Size Item Costs

\$924,205.00

Project Costs without Over-sizing

12" SDR 35 (linear feet) to 14' deep	LF	2075	\$40.00	\$83,000.00
12" SDR 35 (linear feet) to 16' deep	LF	1500	\$44.00	\$66,000.00
12" SDR 35 (linear feet) to 18' deep	LF	285	\$48.50	\$13,822.50
60" manhole to 14 feet	EA	6	\$3,450.00	\$20,700.00
60" manhole to 16 feet	EA	3	\$3,800.00	\$11,400.00
60" drop manhole to 10 feet	EA	1	\$8,225.00	\$8,225.00
12" SDR 35 (linear feet) to 12' deep	LF	620	\$39.50	\$24,490.00
12" SDR 35 (linear feet) to 14' deep	LF	625	\$42.00	\$26,250.00
12" SDR 35 (linear feet) to 16' deep	LF	275	\$44.00	\$12,100.00
12" DIP	LF	480	\$50.00	\$24,000.00
48-inch manhole to 12 feet	EA	2	\$2,950.00	\$5,900.00
48-inch manhole to 14 feet	EA	3	\$3,325.00	\$9,975.00
48-inch manhole to 16 feet	EA	3	\$3,650.00	\$10,950.00

Total Costs without Over-Sizing

\$316,812.50

Pipe Oversizing Reimbursable Amount

\$607,392.50

CERTIFICATE DISCLOSURE OF OWNERSHIP/PRINCIPALS

1. Definitions

"City" means the City of Las Vegas.

"City Council" means the governing body of the City of Las Vegas.

"Contracting Entity," means the individual, partnership, or corporation seeking to enter into a contract or agreement with the City of Las Vegas.

"Principal" means, for each type of business organization, the following: (a) sole proprietorship – the owner of the business; (b) corporation – the directors and officers of the corporation; but not any branch managers of offices which are a part of the corporation; (c) partnership – the general partner and limited partners; (d) limited liability company – the managing member as well as all the other members; (e) trust – the trustee and beneficiaries.

2. Policy

In accordance with Resolution 79-99 and 105-99 adopted by the City Council, Contracting Entities seeking to enter into certain contracts or agreements with the City of Ls Vegas must disclose information regarding ownership interests and principals. Such disclosure generally is required in conjunction with a Request for Proposals (RFP). In other cases, such disclosure must be made prior to the execution of a contract or agreement.

3. Instructions

The disclosure required by the Resolutions referenced above shall be made through the completion and execution of this Certificate. The Contracting Entity shall complete Block 1, Block 2, and Block 3. The Contracting entity shall complete either Block 4 or its alternate in Block 5. Specific information, which must be provided, is highlighted. An Officer or other official authorized to contractually bind the Contracting Entity shall sign and date the Certificate, and such signing shall be notarized.

4. Incorporation

This Certificate shall be incorporated into the resulting contract or agreement, if any, between the City and the Contracting entity. Upon execution of such contract or agreement, the Contracting Entity is under a continuing obligation to notify the City in writing of any material changes to the information in this Certificate. This notification shall be made within fifteen (15) days of the change. Failure to notify the City of any material change may result, at the option of the City, in a default termination (in whole or in part) of the contract or agreement, and/or a withholding of payments due the Contracting Entity.

Block Contracting Entity	Block 2 Description Subject Matter of Contract/Agreement
Name DRHorton. Inc.	oversize/Refund agreement
105,8919 4845 Exondido#105,8919	
elephone (702) 435-4886	
1N or DUNS 75-2386963	REP#
ock3 Type of Busines	S
Individual Partnership Limited Liability (Company 🗷 Corporation 🔲 Trust 🔲 Other:

CERTIFICATE – DISCLOSURE OF OWNERSHIP/PRINCIPALS (CONTINUED)

Block 4 Disclosure of Ownership and Principals	
n the space below, the Contracting Entity must disclose all principals (including partners) of the Contracting Entit	y, as
vell as persons or entities holding more than one-percent (1%) ownership interest in the Contracting Entity.	

	BUBSYAME IN THE	BUSINESS/ADDRESS		Business Phone	
1.	See attached &	list		up of Common Stock	
2.		Beneficial	ownersh	up of Common Stock	
3.			···		
4.			·		
5.					
6.					
7.					
8.					
9.					
10.					

The Contracting Entity shall continue the above list on a sheet of paper entitled "disclosure of Principals – Continuation" until full and complete disclosure is made. If continuation sheets are attached, please indicate the number of sheets: _____

TOTAL DISCUSSION OF CHANGE OF THE PROPERTY OF

	DISCLOSURE OF OWNERSHIP AND PRINCIPALS - ALTERNATE
	If the Contracting Entity, or its principals or partners, are required to provide disclosure (of persons or entities holding an ownership interest) under federal law (such as disclosure required by the Securities and Exchange Commission or the Employee Retirement Income Act), a copy of such disclosure may be attached to this Certificate in lieu of providing the information set forth in Block 4 above. A description of such disclosure documents must be included below.
I	Name of Attached Documents
I	Date of Attached Document: Number of Rages:
1	urther certify that I am an individual authorized to contractually bind the above named Contracting Entity Marie 7.07.06.
5	Subscribed and sworn to before me this May of KAREN LIEDKIE Notary Public, State of Nevada Appointment No. 9457901 My Appt. Expires Jan. 29, 2007 Notary Public

BENEFICIAL OWNERSHIP OF COMMON STOCK

Management

The following table shows the beneficial ownership of the Common Stock of D.R. Horton as of November 15, 2005 by (i) all D.R. Horton directors and director nominees, (ii) all D.R. Horton executive officers, and (iii) all D.R. Horton directors and executive officers as a group. Unless stated otherwise, the shares are owned directly and the named beneficial owners possess sole voting and investment power with respect to the shares set forth in the table.

Amount and Nature of

	Common Stock Beneficially Owned(1)		
Name of Beaeficial Owner	Number of Shares Beneficially Owned	Percent of Class(2)	
Donald R. Horton†	26,985,850(3)	8.62%	
Bradley S. Anderson	32,823	•	
Michael R. Buchanan	8,000	•	
Stacey II. Dwyer	163,562	•	
Samuel R. Fuller	50,871(4)	•	
Richard I. Galland	37,099	•	
Michael W. Hewatt	-0-		
Gordon D. Jones†	201,007	•	
Francisc I. Neff	17,464	•	
Thomas F. Noon†	328, 9 24	•	
George W. Scagraves†	105,841	•	
Donald J. Tomnitz†	1,376,405(5)	•	
Bill W. Wheat	63,600(6)	•	
All directors and executive officers as a group (13 persons)	29,371,446	9,33%	

^{*} Less than 1%.

- Beneficial ownership includes the following shares which the listed executive officer and/or director could acquire by exercising stock options on, or within 60 days after, November 15, 2005: Mr. Horton 146,666, Mr. Anderson 21,503, Mr. Buchanan 8,000, Ms. Dwyer 133,417, Mr. Fuller 23,733, Mr. Galland 30,151, Mr. Jones 171,531, Ms. Neff 4,000, Mr. Noon 235,746, Mr. Scagraves 98,515, Mr. Tomnitz 779,141 and Mr. Wheat 58,688. These options represent an aggregate of 1,711,091 shares.
- (2) The percentages are calculated based on 312,992,998 issued and outstanding shares on November 15, 2005. For each person, separately, his or her percentage was calculated by including his or her options set forth in footnote (1) in both the numerator and denominator, and for the group, the percentage was calculated by including the 1,711,091 options set forth in footnote (1) in both the numerator and denominator.
- (3) These shares do not include (i) 2,048,341 shares directly owned by Donald Ryan Horton, an adult son of Mr. Horton, and 868,544 shares directly owned by Douglas Reagan Horton, another adult son of Mr. Horton, (ii) 3,539,384 shares held by the Douglas Reagan Horton Trust, (iii) 2,359,589 shares held by the Donald Ryan Horton Trust, (iv) 1,368,005 shares held by the Martha Elizabeth Horton Trust, and (v) 1,499,984 shares held by the Donald Ray Horton Trust. Mr. Horton disclaims any beneficial interest in these shares. These trusts were established by Mr. Horton and his wife for the benefit of their descendants. Terrill J. Horton serves as the sole trustee of these trusts. Terrill J. Horton is a retired director of the Company and the brother of Donald R. Horton. Donald R. Horton's address is D.R. Horton, Inc., D.R. Horton Tower, 301 Commerce Street, Suite 500, Fort Worth, Texas 76102.

[†] A named executive officer.